



**State of California**  
**Gray Davis, Governor**  
***Business, Transportation and Housing Agency***

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November 26, 2001

**To:** ALL LICENSED HEALTH CARE SERVICE PLANS

**From:** G. LEWIS CHARTRAND, JR.  
Assistant Deputy Director  
Office of Legal Services

**Re:** Health & Safety Code § 1357.16 Qualified Associations' Reporting Requirements

The Department of Managed Health Care (the "Department") is required to monitor compliance with Health and Safety Code § 1357.16 and report the impact of any non-compliance to the Assembly Insurance Committee and Senate Insurance Committee on January 1, 2002. Accordingly, the Department is directing all plans to complete the following survey to determine the status of your contractual agreements with "qualified associations" as defined in § 1357.16(b) (see attached copy).

1. Does the plan have any contracts with qualified associations? If yes, please complete questions 2 through 5 below. If no, please return this survey with a cover letter indicating that the plan has no contracts with qualified associations.
2. What procedure does the plan have to assure that an association meets the requirements of Health and Safety Code § 1357.16(b)? Specifically, how does the plan monitor that an association does not condition membership on the health or claims history of any person and accepts for membership anyone meeting its membership criteria?
3. Has the plan received any complaint that any person was unable to join an association with which the plan contracts due to the health status of that person, or that any individual's coverage was limited or excluded by type of illness except as allowed by Health and Safety Code § 1357.06 for preexisting conditions? If so, describe the plan's follow-up actions regarding any such complaints.
4. What uniform definitions have been established for each of the administrative services that may be provided by a qualified association contracted with the plan,

November 26, 2001

i.e., eligibility determination, enrollment, premium collection, sales, and claims administration on a per-claim basis?

5. Attach a copy of the schedule of discounts required under Health and Safety Code § 1357.16 and the date the plan filed it with the Department. If the plan has not yet filed this information, demonstrate compliance by filing this information with the plan's response. Please include with the plan's filing a brief description of how these discounts were developed.

Any questions regarding this survey should be directed to Diane McCarthy at (916) 324-9031.

Please submit your responses by December 17, 2001, to:

Diane McCarthy  
Department of Managed Health Care  
Office of Legal Services  
980 9<sup>th</sup> Street, Suite 500  
Sacramento, CA 95814